



Claims Quarterly

CQ
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The Chairman's Corner

by James D. Klauke, CPCU, AIC, RPA

“Success is not a destination. It is a constant, continuous journey.”

—George H. Denny, Educator



It is that time of year to start planning the fall education and training activities for your career. As a suggestion, I encourage you to ask your management for permission to attend the CPCU Society's Annual Meeting and Seminars, October 23 through 26 in Los Angeles. Your Claims Section is presenting four dynamic educational events that will enhance your career educational résumé. The events are as follows:

■ Sunday

11:30 a.m. to 1 p.m.

Claims Section Networking Lunch

■ Monday

10 a.m. to 12:30 p.m.

Auto Technology:

What Does the Future Hold?

(including crash data retrieval, air bag systems, and repair shop industry changes)

1:30 to 4 p.m.

New Limitations on the Recovery of Punitive Damages

■ Tuesday

10 a.m. to Noon

Structured Settlements—A Relationship-Building Tool

2 to 4 p.m.

Workers Compensation Claims

There will be other educational programs to fill out your Sunday educational program and all claim sessions will be filed for continuing education credit in all states, and for the Registered Professional Adjuster designation.

The Claims Section Committee is hard at work for you—the section members. You all are the reason the section exists. We, the committee, approached the Society for more time slots to offer more claims programs knowing that it would be a lot of extra work for us. We did it because we know it is difficult to convince management to commit extra dollars from their budget to send you to the Annual Meeting and Seminars. But, by having four educational seminars in the claims area, we hope to show the value of attending this year's meeting in Los Angeles.

One of the major objectives of the CPCU Society is to foster continuing education, professionalism in the way we conduct our business, and good ethical behavior. We believe your attendance at these seminars will benefit your career. Continuing education is a proven method of climbing the ladder of success. Or, as George Denny stated above, it is a constant, continuous journey.

The Claims Section Committee has made every effort to develop these meaningful seminars and hope you will be able to attend. If I can assist you in justifying your request to management, please feel free to contact me directly at james_klauke@us.crawco.com.

We are also looking for ways to encourage section members to become more involved in the section activities. In addition to planning and presenting seminars at the Annual Meeting, we also plan regional seminars and try to work with chapters on their programs. We work with chapters through our chapter liaison program. A Claims Section member within each chapter will be

appointed as a liaison between that chapter and our committee. When your chapter wants help with a luncheon speaker or I-Day program, the liaison can coordinate assistance from the committee. Please contact me if you have an interest in becoming a chapter liaison for your chapter.

We also have this *Claims Quarterly (CQ)*, which contains articles written by many of you members and many others within the industry. We are always looking for good, informative articles on claim topics of interest. If a topic is of interest to you we know it will be of interest to others as well. Just write it up and send it to **Marcia Sweeney, CPCU**, the CQ editor. She will provide you assistance with your writing skills as well. You can contact her at Marcia.Sweeney@thehartford.com.

We are also developing stand-alone seminars for use by section members and chapters for local educational events or company in-house education and training. We currently have several available. If you have a subject and would like to develop one, please contact me and I will help you get started and provide all the help you need to complete the project.

I strongly believe active participation in the CPCU Society at either the chapter or national level will help your career. It has helped mine, and many others before me. I would like to leave you with my formula to success.

Honesty + Attitude + Dependability + Continuing Education

With these attributes, anyone can succeed. ■

Is Big Brother Watching You? Well Sorta, Maybe— An Update on the Vehicle “Black Box”

by Richard Stevens

■ **Richard Stevens** is a crash reconstructionist with Valley Technical Services providing services to the industry such as traffic crash reconstruction, forensic mapping, and mechanical evaluation. He has been involved in the auto related field for his entire career including time with a major corporation, insurance companies, reconstruction firms, and the Ohio State Highway Patrol where he investigated more than 4,000 vehicle accidents. Stevens is a member of several organizations such as the Ohio Auto Theft Investigative Association, The Cuyahoga County Metro Crime Bureau, and also the Texas Association of Accident Reconstruction Specialists. He is an industry speaker and trainer and has received numerous awards in his field of expertise.

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Editor's Note: Stevens will be speaking at the CPCU Society's Annual Meeting and Seminars in Los Angeles on this topic and will demonstrate the black box technology. For more information or to register for the Annual Meeting and Seminars, please visit www.cpcusociety.org.



“**B**ig Brother” in this case is a small electronic device called an SDM, or some variation thereof. SDM is what General Motors calls its current version of the Sensing and Diagnostic Module, or as popular culture calls it, the “Black Box.” The function of the SDM, or other related modules, is to determine if the Supplemental Inflatable Restraint System (a/k/a “air bags”) should be deployed, when they should be deployed, and to what level they should be deployed. The earliest versions of the air bag module would act on and record information from eight separated deployments, or near deployments, and were required to be reset to extinguish the air bag warning light on the instrument panel of the vehicle. The current version of the GM SDM and the Ford version will record near-deployment events, rewriting new events over the previous events and hold the record for a pre-determined number of ignition cycles. Both of these versions being used now will record only one deployment event, and upon repair of the vehicle, the module will have to be replaced in order for the system to function properly.

The information collected and stored in the module varies with the model of the module. Early versions recorded the following data:

- change in forward velocity
- the driver's seat belt switch circuit status
- ignition cycles at the time of the event
- ignition cycles at the time of the download
- passenger front air bag switch circuit status (for vehicles without back seats)
- time from algorithm enable to deployment command (milliseconds)
- time from near-deployment to deployment command (seconds if within 5)

The current version of the General Motors SDM also includes pre-crash data for the five seconds prior to the algorithm enable and includes the following data:

- vehicle speed five seconds prior to algorithm enable (in MPH)
- engine speed five seconds prior to algorithm enable (in RPM)
- percent throttle five seconds prior to algorithm enable
- brake switch circuit status five seconds prior to algorithm enable (on/off)

The pre-crash data continue to rewrite as the vehicle is operated and cannot be used for random roadside checks to determine driver activity.

The use of these types of recording devices has been the leading force behind safer, more adaptable air bag systems. The data recorded have been used to refine the algorithm technology that controls the air bag deployment time and level. The recent ability to download the information recorded by these devices has added a tool to the reconstruction science. The information recovered from an SDM after a crash should always concur with the physical evidence recorded at the scene and when the vehicles are inspected.

■ The use of these types of recording devices has been the leading force behind safer, more adaptable air bag systems.

The very first time this technology was used kept an expert for the plaintiff side honest. The situation was a tractor trailer exiting a chicken farm at 3:30 a.m. and struck by a vehicle, killing the driver of the striking vehicle. The driver of the tractor trailer stated that he saw the vehicle approaching from the north at a distance later verified as in excess of one-half mile. The driver of the tractor trailer stated that he would have had more than enough time to clear the south-bound lane under normal circumstances,

however as the vehicle approached he saw that the south-bound vehicle was traveling far in excess of the posted speed limit of 55 MPH. The crash was investigated by the local sheriff's department, and the deputy did not preserve any of the scene evidence; instead he told the driver of the tractor trailer to move his vehicle off of the road and he, the deputy, had the car towed and the road swept off. With no roadway evidence to back up the tractor trailer driver's statement, that his 80,000 lb. vehicle was pushed sideways approximately seven feet, could not be verified and used to calculate the speed of the plaintiff's vehicle. The expert hired by the plaintiff attorney did not let this minor flaw in the crash investigation stand in his way and he "calculated" the speed of the car as 53 MPH. After considerable legal haggling the SDM in the car was downloaded and due to a partial failure of the electrical system resulting from the crash, the SDM recorded only a partial file entry. The partial entry did, however, show that during the first half of the crash the change in the speed of the car (delta V) was considerably higher than the speed "calculated" by the plaintiff's expert. Shortly after this was presented to the plaintiff, a very agreeable settlement was reached.

On-board data recorders are a wonderful tool and they provide valuable evidence for completing a crash reconstruction investigation, but they never should be relied upon to tell the entire story of any crash. Today all vehicles have some degree of this technology, however most have not released the software needed to translate the stored data in the modules. The SDMs are typically located near the center mass of the vehicle, usually under the front seats, console, or dashboard. At present, only GM and Ford have released the software to download the data, and that is on a limited basis and only for certain year modules. Vetricom Corporation is in the process of translating the data and is working backwards toward the first use in 1991. ■



■ Typical air bag modules: Honda on the lower left, GM on the upper left, and Ford on the right.

The Invisible Pickpocket

by Tony D. Nix, CPCU

■ **Tony D. Nix, CPCU, CIFI**, is an SIU team manager at State Farm Insurance Company. He serves on the CPCU Society's Claims Section Committee and is a member of the Atlanta Chapter.

“But he that filches from me my good name, Robs me of that which not enriches him, and makes me poor indeed.”

—Shakespeare, Othello, act iii. Sc. 3.

Identity theft involves stealing someone's personal data, such as name, address, social security number, driver's license number, and credit card information, and is one of the fastest growing crimes in America. According to the Federal Trade Commission, which tracks consumer fraud and identity theft data, 42 percent of all complaints received by the FTC relate to ID theft, up from 40 percent in 2002. Identity theft is invisible because many times the victim does not discover the theft until the criminal has inflicted much damage.

In the daily activities of society, we provide private information for a variety of reasons. The criminals involved in the theft of information have an abundance of opportunities or sources for which they can gain access to our personal data. The Internet has become an easy and quick method to make purchases, plan vacations, communicate with others, and conduct business. As a result, the Internet is similar to a bank vault full of personal yet valuable information. The crooks involved in this scam are very adept at obtaining and manipulating this data to their benefit. It is not necessary that the individual involved in identity theft be a computer guru. There are many less sophisticated methods for obtaining the same or similar data. The practice of dumpster diving is used to gather personal data that has been discarded by businesses. The crooks will target those businesses that will likely have the information they are seeking to perpetrate their scam. Shoulder surfing involves someone watching you from a nearby location as you provide information such as calling card or credit card numbers to a hotel or rental car company. Mail theft results when the thief raids mailboxes of unsuspecting victims to obtain personal information from bills and credit offers. Another tactic being used to obtain information is

social engineering whereby the victim receives a phone call from a person posing as a representative from the utility company, bank, credit card company, or computer Internet service, and requests personal information to verify service or audit company records.

As noted in the article “Identity Theft: Nothing Personal” written by Henry Stimpson, this new crime “has rapidly gained steam as a productive and profitable way to bilk insurers in recent years, especially auto carriers. Ironically, law enforcement's success in fighting many ordinary crimes such as car theft and burglary has spurred identity scams. Enterprising crooks increasingly are stealing people's personal identities because it is less risky and more profitable than say, burglary.”

■ *... this new crime ‘has rapidly gained steam as a productive and profitable way to bilk insurers in recent years, especially auto carriers.’*

Stimpson also noted in his article, “Auto insurance is the biggest hotbed of identity scams outside of health insurance, where crooks have long been stealing personal data. Identity rip-offs against auto insurers especially are acute in metro areas of populous states that require no-fault auto coverage.” According to the FTC, the top 10 metropolitan areas for identity theft are as follows:

- Phoenix—Mesa, AZ
- Los Angeles—Long Beach, CA
- Riverside—San Bernardino, CA
- Miami, FL
- Houston, TX
- Oakland, CA



- Dallas, TX
- Orange County, CA
- New York, NY
- San Diego, CA

Armed with the stolen identity, the scam artists are free to use that information to defraud others by any number of methods. Medical mills will use the stolen identities to develop fictitious patients and create fraudulent billing. Other scammers will cause automobile accidents with innocent victims or will stage the accident altogether. Routinely in a staged accident, all vehicles are loaded with unrelated passengers who are using false identification to hide their true identity. It is not uncommon for the stolen identity to be used in multiple claims with several different insurance carriers. The National Insurance Crime Bureau publishes the following indicators of possible fraud:

- Three or more occupants in the claimant vehicle or “struck vehicle”; all of them report similar injuries.
- All injuries are subjectively diagnosed, such as headaches, muscle spasms, traumas, and others.
- All of the claimants submit medical bills from the same doctor or medical facility.
- Vehicle driven by the claimant is an old “clunker” with minimum coverage.
- Claimants retain legal representation immediately after the accident is reported.

It should be noted that this list is not all-inclusive and only provides indicators of possible fraud. Further investigation is required to evaluate the claim based on the merits of the facts.

In an attempt to address the rising problem of insurance fraud, many companies have established special investigative units (SIUs). Members of these units are trained to identify and investigate potentially fraudulent claims. Over the last few years, those insurance professionals working in an SIU have seen identity theft become a more common element of the investigative process. As a result, investigative

resources have been developed that help the SIU claim representative to recognize a claim involving identity theft.

Utilization of those resources in the following manner can enhance our ability to address claims involving identity theft:

- Utilization of NICB software to verify the accuracy of driver's license information provided in the claim, and determine if the vehicle had been involved in any prior accidents.
- Obtain a photo identification of the claimant to reference with data obtained during the investigative process.
- Verify the social security information through the Social Security Administration. Many times the social security number used in identity theft is that of a deceased person.
- Utilize vendor software to conduct reverse searches on the name, phone number, and address of the claimant.
- Use vendor software to determine the names of individuals living in a particular neighborhood.



As the problem of identity theft continues to rise, law enforcement is becoming aware of the issue and states all across the United States have enacted legislation to address this crime. For the victim of identity theft, much effort and expense may be incurred to restore the good name and reputation in the community. For tips on protecting yourself from identity theft, please refer to the web sites of the National Insurance Crime Bureau and the Federal Trade

Commission for valuable information. As expected in a free market society, some companies have developed products to address the need by providing insurance protection from identity theft. The best tip that can be given is to be stingy with your personal information. There is value in the data. ■

Leadership: The Dynamics, Challenges, and Transformation in a Changing Corporate Environment

by Brian N. Marx, CPCU



■ Brian N. Marx, CPCU, currently serves as vice president and newsletter editor of the CPCU Society's New Jersey Chapter, and serves the Society at the national level as a member of the Claims Section Committee. He is a noted subrogation speaker, and has authored several subrogation-related articles that were published in *Claims Magazine* and in the *CQ*. Marx has 15 years of experience in the claims industry, received his bachelor's degree in economics from Cook College, Rutgers University, and his master of arts degree from Rutgers College.

Leadership Is a Pervasive Concept

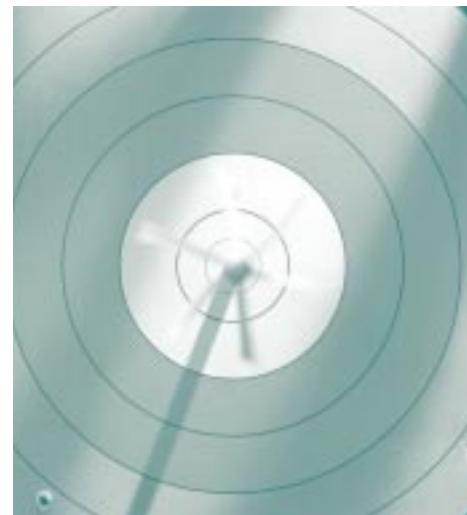
Leadership is a very pervasive concept that means different things to different people. In fact, it is so pervasive that it borders on being characterized as innocuous. Everyone has heard of or is familiar with the term "leadership," but usually do not give it much thought. Testimony to its multitude of meanings and interpretations are word association exercises conducted during seminars that attempt to define leadership. Perhaps one's interpretation is dependent upon where he or she works or his or her role or level in the organization. Truthfully, its practical application to the corporate work environment has transformed over time. A plausible reason for the transformation has to do with the dynamics of the business environment, both in terms of competition (of product and labor markets), and the changing demographics and lifestyles of today's workforce. All of these forces have created new challenges for management to keep their organization financially stable and, at the same time, maintain an equitable, stable work environment. Maintaining a balanced approach enables management to galvanize and motivate their workforce, which in turn will provide their organization with financial endurance that is crucial during times of economic strife.

Authors of management books, management consultants, and organizational leaders alike, either at the lower, middle, or executive management level, have their own unique ideas of what leadership means. This article will not attempt to provide an exhaustive list of ideas or interpretations as to why leadership is important, nor will it discuss the characteristics of a good leader or even an attempt to answer the inevitable question, "are leaders born or made?" The purpose of this article is to provide an overview and insight on how leadership

can best be utilized and empowered in today's work environment and add value to an organization. This article is broken up into two sections:

1. The first section will discuss *three skills essential for effective leadership*.
2. The second section discusses the association between a follower and a leader and "*followership versus leadership*."

Aptitude, Attitude, and Administrative Skills are Essential for Effective Leadership



Aptitude, and What it Means to the Claims Professional

Leadership from a macro and corporate perspective can be broken down into three major skills or what I call "triple A" (AAA): aptitude, attitude, and administration. Many people associate the word aptitude with only technical knowledge of the job such as expertise in claims handling. However, aptitude skills are much broader and encompass the ability to effectively and efficiently create, plan, develop, implement, monitor, and control the goals and objectives of a department, business unit, or individual.

These skills must be maintained by staying abreast of legal developments and taking continuing education courses, such as those offered twice a year by the CPCU Society's National Leadership Institute program, or other continuing education workshops offered by the 14 sections and the 154 local CPCU Society chapters. In fact, Canon #2 of the CPCU Code of Professional Ethics mandates that, "CPCUs should seek continually to maintain and improve their professional knowledge, skills, and competence."



Maintaining a Positive Attitude Is a Skill

Most people consider one's attitude an overall frame of mind, feeling, or mood that he or she projects toward others. While this is for the most part correct, maintaining a positive attitude is a skill. As stated in the book *Fish!*, "you always have a choice about the attitude you bring to the job."¹ Leaders must, at all times, project a positive attitude and image so that their subordinates embrace and adopt the same posture toward their work, others, and the organization. A bad attitude can spread through an organization like an intractable disease.

Administrative Skills Are Essential for a Leader

Administrative skills are essential to ensure that each subordinate is treated equitably and in line with corporate guidelines. Administrative skills are closely related to attitude and aptitude skills. Leaders who project a positive image about the organization are very knowledgeable about the requirements of the job, know how to obtain results, and understand the type of results that are attainable. Further, these leaders are typically more insightful and equitable regarding employee selection, addressing job performance issues, creating an effective training and development program, and administering benefits equitably. Administrative, savvy leaders are circumspect when interviewing candidates. They know immediately whether the applicant has the skill set to effectively perform the crucial functions of the job, and if he or she will fit into the corporate culture. It is critical that the qualifications and personality of an applicant not be viewed in isolation, but on how they complement and harmonize with those of the current staff.

Recognizing and rewarding above-average performance can be tricky. Those that stand out from the group should be distinguished and compensated; however, not everyone wants to be acknowledged in the same fashion. Whenever recognition is delivered, with or without emoluments, a leader must be sensitive to and consider whether the recipient will be comfortable with the manner and

forum in which it is presented. Not everyone wants to be praised in front of a large audience. Further, the presentation should be executed so that other members of the group are encouraged and offer their felicitations, not umbrage, to the recipient. Conversely, a leader must be able to deliver an unpleasant message and understand that it is not his or her job to make friends amongst subordinates, but to gain their respect as a mentor and role model. The inability to deliver an unfavorable message about performance or infraction on some other corporate policy or procedure will redound to the detriment of not only the subject employee, but also other members of the group.

The guidelines for benefit administration, which includes anything from performance reviews to creating a development plan to managing staffing and attendance, are inscribed in corporate policies and procedures. Effective administrators are not only knowledgeable about corporate guidelines, but understand certain guidelines require discretion, and should be implemented uniformly. This is particularly imperative when addressing issues such as attendance or during periods of erratic or declining job performance. Leaders should have a strategy in their ongoing relationship management program for dealing with contentious personnel matters and reprimanding employees. Their perspective should be broad-minded, that

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Leadership: The Dynamics, Challenges, and Transformation in a Changing Corporate Environment

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is, taking into consideration that employees have lives outside of work and that possibly non-work-related challenges are affecting work performance. Respect and empathy for one's feelings and circumstances are powerful management traits that go a long way to gaining admiration and acceptance as an administrator.

Diversity and Inclusion Are Key to Successful Leadership

Finally, no discussion about administration would be complete without addressing the topic of diversity. This topic has come to the forefront of human resource management due to the radical demographic changes facing the United States as the country of choice to work and live. The pressure to accommodate, acclimate, and integrate the various cultures, religions, and ethnicities, in the U.S. corporate environment and stay abreast and in compliance with the various legal requirements is a daunting and arduous task. That said, the optimal way to cope with the dynamics of the U.S. labor market and employment practices is to foster and maintain an equitable work environment. This requires all members of a leadership team to treat all employees with the same professionalism and dignity, to implement corporate policies and procedures fairly, impartially, and to ensure that subordinates treat each other in the aforementioned manner. For example, hiring should be based solely on job experience and relevant skills, and promotions on performance and the value an employee brings to the organization.

"Followship" versus "Leadership"—Where Do You See Yourself?

Before concluding, I would like to compare the terms or roles of a follower and that of a leader and briefly discuss the association of "followship" to "leadership." The term "follower"

typically has a negative connotation, and "leader" a positive one. However, a follower is not necessarily lazy, inept, or intellectually inferior. In fact, a follower can be just as industrious, protean, and competent as a leader. One must not characterize employees by their job preference or organizational rank. Further, not everyone can or wants to be a leader and some people work better as followers and, hence, provide more value to the group and organization in that role. Lastly, no leader is so consummate that he or she has the erudition or capability to create, plan, and accomplish every task or project or even has the time to do so. In other words, a leader must constantly solicit feedback from subordinates on how to do things more efficiently, and champion ideas with the most probability of success. Therefore, under certain circumstances, followers become leaders. Effective leaders know how to delegate responsibility, to recognize which employees have the ability to instruct and guide the group and emulate the role of a leader, and to monitor and control activity for intended results. Assigning leadership responsibilities to those aspiring to be leaders is an integral part of a succession planning program.

Followship Is a Neologism

Followship is a neologism and can be defined as the ability of subordinates to obey or proceed in the manner outlined or instructed by the leader with maximum or intended results. It is an important adjunct to leadership and complements it. In fact, one could say it dovetails with it; leaders plan and followers work the plan. The point is, without strong followship there will be no successful leadership; both are integral components that share common goals and interact to accomplish the same objective.

The Leader as a Role Model

Few would argue that leaders are crucial to the operation of a successful organization and that leaders must keep their skills honed so that they remain effective and responsive to not only their direct subordinates, but also to other business partners, both inside and outside the organization. The role of leaders in today's corporate world has clearly transformed from the homogenous approach to one that must accommodate an increasingly diverse work force. Effective leaders who provide an equitable, comfortable work environment in line with corporate guidelines will meet the challenges discussed. Once leaders establish and maintain a fair and just work environment conducive to learning and development, they can accurately analyze and capitalize on the skill set of each member within their purview and realize the synergies of the cumulative efforts of the entire group and add value to their organization.

My professional advice to you as a fellow claims person and a CPCU—to be a successful leader you need to network and to link yourself to a role model leader that you admire. One who inspires you, inspires you to be a great follower or inspires you to join him or her in the leadership ranks. Volunteer to work on a committee with which the leader may be involved, network at CPCU Society meetings, seminars, and the receptions, continue to evaluate and assess the qualities and skills you see in that leader you admire, and then take action to develop yourself to join his or her ranks. My advice to become a successful follower is to produce your best aptitude, attitude, and administrative skills at all times and be recognized within your field of expertise. And for both leaders and followers—enjoy your profession in claims; it's a great industry to work in. ■

Endnote

1. *Fish!* by Stephen C. Lundin, Ph.D., Harry Paul, and John Christensen, p. 37.

What National Service Means to Us

by Marcia A. Sweeney, CPCU, AIC, ARe, ARM, with contributions from the Claims Section Committee members



**James D. Klauke,
CPCU, AIC, RPA**

National Service:

Claims Section Committee Chairman

Local Chapter: Colorado

As chairman of the Claims Section Committee, I have had the honor to work with people in my line of work from coast to coast, literally. It has opened my horizons and encouraged me to participate above and beyond the level expected of my position. I have become a great volunteer and always find the time, mostly personal time, for the Society. I cannot imagine becoming as successful as I have become in my career without the knowledge, associates, and friends I have gained from being a member of the CPCU Society. I truly believe that when I received my designation in my hometown of St. Louis in 1985, my career jump started the rest of the way up that ladder of success.



**Elise M. Farnham,
CPCU, CPIW, ARM,
AIM**

National Service:

Southeast Regional Governor, former Claims Section Committee Member

Local Chapter: Atlanta

"You cannot prevent the birds of sorrow from flying over your head, but you can prevent them from building nests in your hair." —Chinese proverb

My network of friends and colleagues who serve at the national level help me keep those "birds of sorrow" from building nests in my hair. Whenever I face a new challenge or problem I know that I can find someone in the Society to help me resolve the issue. My recent job search was a case in point. After my position was eliminated, members of the national Board of Governors and Claims Section Committee were quick to give me

pointers and ideas for conducting my job search, advice on improving my résumé, and continuous encouragement by phone, e-mail, and in person. They served as personal references, and some even called my prospective employer to encourage the organization to hire me!

The professionals with whom I serve continue to amaze me with their knowledge, expertise, and boundless energy.

National service gives me the opportunity to give back to the Society as much as I've gained from it. Providing help and encouragement to struggling chapters, exchanging ideas for improving educational offerings, and watching new leaders emerge is extremely gratifying. In short, my national service makes me happy! I'm proud and honored to be associated with all the professionals serving at the national level of the CPCU Society!



**Robert E. McHenry,
CPCU, AIC, AIS**

National Service:

Claims Section Committee

Local Chapter: Akron-Canton

I volunteered to serve on the Claims Section Committee to expand my horizons beyond the chapter level. Our Claims Section members literally reside all over the country and we get to interact with all types of claims people in varying roles. I enjoy sharing a common bond with fellow members who are dedicated to aiding section members by providing educational seminars and the best newsletter. We also work with the Society to benefit all CPCUs. I am fortunate to be part of one committee in presenting two seminars for the 2004 Annual Meeting and Seminars in Los Angeles. The personal rewards to helping others make the effort worthwhile. It also doesn't hurt that we get to meet in a lot of great locations.



**Lola Hogan,
CPCU, ARM**

National Service:

Claims Section Committee Member

Local Chapter: Santa Clara Valley

National service is the most effective way to share our successes and failures with other claims professionals. Serving on the Claims Section Committee has provided a wonderful forum for exchanging ideas, business strategies, claims handling techniques, and resources. The opportunity to make the CPCU organization more "claim friendly" by offering more seminars and workshops that are claims focused is very rewarding and fun.



**Tony D. Nix,
CPCU, CIFI**

National Service:

Claims Section Committee

Local Chapter: Atlanta

Over the last five years I have served on the Claims Section Committee and participated in the *CPCU Journal* Innovations Task Force. I volunteered as a means to meet other professionals within the industry that are experts in different disciplines other than my own. The experience and insight I have gained has made me a more well-rounded insurance professional. I have a better understanding of issues that affect our industry outside the arena of insurance fraud investigations. In addition, my participation in national service has allowed me to stay abreast of the changing environment and technology that our industry faces on a daily basis. This has been a positive experience for me and I recommend it to others. Thanks for the opportunity to share my thoughts with our membership.

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What National Service Means to Us

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Brian N. Marx, CPCU

National Service:
Claims Section Committee

Local Chapter: New Jersey

As a member of the Claims Section Committee, I have been afforded many opportunities and benefits that would not have otherwise been available to me. Two noteworthy benefits are getting my work published and networking. The committee has provided a forum for me to share my ideas, knowledge, and experience with other members in the industry. Having a forum to showcase my knowledge has led to networking opportunities and given me a chance to meet an elite group of professionals from not only my own discipline, but other lines of insurance of which I may later become involved. For example, I have gained recognition by writing articles in *CQ*, which has in turn been instrumental in getting articles published in *Claims Magazine* and allowing me to be a contributing author in an AIC 34 textbook. My membership and involvement in the Claims Section Committee, as well as my publications, are recognized by my employer and have redounded to my benefit in my career planning.



**Christian J. Lachance,
CPCU, CLU, AIC,
SCLA, CIFI**

National Service:
Claims Section Committee

Local Chapter: Florida Gold Coast

My 10-plus years of volunteer efforts as a Claims Section Committee member have blessed me with many friendships and many opportunities to promote professionalism in our industry. Professionalism is what we are about, which is amply supported by the educational efforts of our Society and the efforts of the many volunteers at Annual

Meetings and various educational activities throughout the year. I have always appreciated my employer's support of my efforts and hope it will continue as I look forward to be of service in the years ahead. Happy 60th Anniversary CPCU Society, and thanks for all that you have done and will do to maintain the professionalism in our industry.



**John Giknis,
CPCU, AIC, RPA**

National Service:
Claims Section Committee

Local Chapter: Central New Jersey

ISO ClaimSearch is an industry claims database with our participants located throughout the United States. National service on the Claims Section Committee is important to me as it provides access to knowledgeable claims people nationwide, whose expertise we at ISO can rely on, for national and regional issues, and who can use me as a resource as well. Not only do we appreciate interacting with representatives from the claims industry from various size companies, there exists knowledge in a range of disciplines within the claims field—from recovery to special investigations—that is not available elsewhere. These folks provide an additional contact source within the companies. They are very responsive and professional, and it is rewarding for me, and beneficial to our company, to be associated with them. And they answer their e-mails!



**David W. Mandt,
CPCU, ARe**

National Service:
Claims Section Committee

Local Chapter: Pacific Northwest Chapter, President 2003-2004

Edwin S. Overman, Ph.D., CPCU, a former president of the American Institutes, used to say that it was easier to become a CPCU than it was to be a CPCU. Recalling Ed's words, I decided, some years ago, that it was time that I become a better CPCU.

So, I volunteered to serve as a member of the Claims Section Committee not only to gain a better understanding of some of the issues affecting other professional colleagues, but also to contribute what little I could to help enhance the professional development services and resources available to our industry through the Society.

My service on the Claims Section Committee has given me that and a lot more. I am also able to gain a better understanding of how the Society works, how the Claims Section works, and how my local chapter works. I've also been encouraged to get more involved in service to the CPCU Society and my local chapter by becoming a chapter volunteer leader. This has led to the current year in which I have the privilege of serving my local chapter as its president.

As a section committee member and as a chapter volunteer leader, I've been able to further my association with professional colleagues both nationally and locally. All in all, it's been a very rewarding experience both personally and professionally. I've gained a lot. Probably more than I've given back. So, for me, continued service lies ahead.



James A. Franz, CPCU, AIC, ARP, ARM

National Service:

Claims Section Committee,
past Claims Section Committee Chairman

Local Chapter:

Northern Indiana

I first became involved in national service at the recommendation of my regional vice president just at the time when I was finishing my term as local chapter president. I became a member of the Claims Section Committee and attended my first committee meeting in 1989. I was amazed to be serving on a committee consisting of vice presidents of claims of major insurance companies, independent adjusters, claims managers, consultants, and front-line claims folks. It seemed the entire spectrum of claims professionals were members of the Claims Section Committee. I was getting to work with people I respected and admired. I am proud to say the same holds true to this day. Not one day goes by I am not grateful I was encouraged to volunteer for national service. While being a member of this talented group, I also learned new skills.

Each year the Claims Section Committee puts on Annual Meeting seminars and local symposia. Developing these programs improves your planning, marketing, and public speaking skills. We contact leaders in various fields that touch the claims industry. Medicine, law, and technology were just a few that come to mind. It is always a thrill to meet these leaders and work with them to provide a cutting-edge program for our members.

We try to be creative in developing programs and products for our section members. For example, we wanted to be available to the first-time attendees at the Annual Meeting and Seminars. We set up a breakfast for section members and passed out business cards for attendees to contact us for any questions or problems. This later evolved into the popular box luncheon program where attendees can network on an informal basis.

We developed the seminar-in-a-can program so members could put on programs at their local chapter since many cannot attend the Annual Meeting and Seminars. We publish topnotch newsletters for members as well. Not easy tasks, but seeing the final products and hearing the positive comments are very rewarding.

It has been hard work, but worth every bit of it. You develop special bonds with people you work with as you try to reach a common goal. Your metal is tested and it is a special feeling when you complete a seminar or symposium with your friends. There is always someone there to help you with your project. I cannot recall one time I asked for help and did not cheerfully receive it.

Maybe most of all, I enjoy the friendships that have evolved. I get a genuine thrill when I sit down with the Claims Section Committee to work to be the best committee in the Society. This is not an easy task as the other section committees share the same goals.

We always have a committee dinner one evening of the Annual Meetings, and this is an event I wouldn't miss for anything. We share experiences, including the ups and downs of our industry. We see careers blossom, while watching others survive downsizing. We network and offer assistance and encouragement wherever we can. There are other benefits as well.

I have been able to visit places at the Annual Meeting and Seminars I would never get to see, but for my Society service. I have been able to take advantage of the educational resources the Society provides. I have attended seminars, workshops, and conferences I would not have otherwise been able to attend. As mentioned before, I have made new friends I would not have met, but for my Society service.

About four years ago I was privileged to serve as the chairman of the Claims Section and I count it as one of my many blessings. Today, I am involved in the Circle of Excellence program and the Claims Section Committee. Tomorrow, I hope to continue national service in another capacity.

If you are interested in joining the ranks of people you admire and respect, traveling to wonderful locations across the country, making new life-long friends, national service might be right for you. The benefits will be far more than the price you pay. I hope you will take advantage of the opportunity. I wish you the best. ■

The Claims Section Committee members have shared their thoughts and experiences on CPCU Society national service and we hope that these comments will inspire and encourage you to join our ranks. Feel free to contact any one of us for further information. Keep in mind that the Claims Section is just one of the Society's 14 interest sections and that multi-line claims people may have an interest in serving on another discipline-related section or maybe even a special ad-hoc committee. Additional information on national service can be obtained from your local chapter president and on the CPCU Society web site.

Meet Newly Appointed Claims Section Committee Member Andrew L. Zagrzejewski, CPCU, CLU, ChFC, AIC



■ This action photo of Andy was recently taken in February on the 18th hole of Pebble Beach.

Andrew L. Zagrzejewski, CPCU, CLU, ChFC, AIC

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Andy was recently appointed to the Claims Section Committee and will have attended his first Claims Section Committee meeting at the Leadership Summit in Tampa in April. Andy has been very active in the Society and in the claims industry and brings a lot of talent and industry experience to the Claims Section. He has taught Institute courses, won national claims awards, served extensively on the chapter level, is active in his community, and still has time for his family and his passion—golf.

Andy received his CPCU designation in 1989. He soon became active in the San Gabriel Valley Chapter and progressed up through the chairs to serve as president of the San Gabriel Valley Chapter for two years (2000 to 2002). He had previously served as secretary and vice president of the chapter. Currently he is still very active and serves as an unofficial “social” chairman arranging monthly golf outings with other chapter members!

Andy is a firm believer in education and promotes it constantly. Supporting his belief in leading through example, he achieved his CLU designation in 2001 and ChFC designation in 2004.

During his career in claims he has won two prestigious awards of which he is rather proud: the Claims Professional of the Year in 1999 as presented by ACE, the well-known national claims organization, and most recently in 2003 he was honored with the CPCU Society's Southern California chapters Rie R. Sharp Memorial Person of the Year, which is in recognition of outstanding leadership and exceptional service in the insurance industry.

Andy has been an instructor in insurance education for the last seven years through the Insurance Educational Association in southern California and continues to teach CPCU and AIC courses through that organization. He is also a speaker on insurance topics as a societal benefit to

civic organizations and serves as a member of the Institutes' INS Advisory Committee.

One of the most active civic affiliations in which he is currently involved is the Curriculum Committee of the Simi Valley Leadership Program. The program promotes the local community and recruits/develops civic leaders through an annual intensive training program. Future leaders develop skills while gaining a greater understanding of all the organizations/public entities that make the city tick.

Andy's other interests are: golf, golf, and more golf. He stated that “if I were ‘good,’ it would not hold the fascination it does for me. It is the ‘challenge’ that keeps my interest.” He has been married to his beautiful bride, Mari, for 29 years and has two wonderful children, and feels that he would never have been able to accomplish the things he has done without their support and love. ■



Application for National Service

Background Information

Our mission statement defines the future of the CPCU Society. Our success in carrying out that mission is dependent on the quality and effectiveness of our volunteer leaders. Your willingness, as a volunteer, to offer your time and talents is vital to our continued success.

There are many ways to apply your skills at the national level. For each national position we have included a brief description of duties, time requirements, "competencies," and experience desired. For a complete description of each position, the anticipated time and financial commitments required, and "competency" definitions, visit the CPCU Society web site at www.cpcusociety.org.

Name _____

Company _____

Title _____

Preferred Mailing Address _____

City, State, Zip _____

Phone _____

Fax _____

e-Mail _____

CPCU Society Member Number _____

Designation Year _____

Current Chapter/Section _____

Region _____

Personal Data (Complete or Attach Résumé or Curriculum Vitae)

Insurance-Related Studies: _____

Other Professional Designations: _____

Highest CPCU Chapter Office Held: _____

Year(s) _____

Chapter Committee Work: _____

Highest National Society Position Held: _____

Year(s) _____

National Committee Service: _____

National Task Force Service: _____

National Section Service: _____

Other Insurance Activities (list organization(s) and highest office(s) held): _____

Other Volunteer Activities (list organization(s) and highest office(s) held): _____

Special Awards: _____

Publications: _____

Other Noteworthy Achievements: _____

Complete reverse side also.

Personal Summary

Please summarize your professional competencies and how you would use them to further the Society's mission.

Elected Offices—Check Applicable Box(es)

The applicant who receives a nomination for these positions will have his or her name submitted to the membership for election.

■ National Officer:

Vice President (four-year commitment)

Desired experience for this position includes leadership roles in local chapters and/or sections, and national committee or task force work. Demonstrated leadership experience in business, professional, or nonprofit organizations is also required. If nominated, the applicant is expected to be highly visible, represent the Society at various public functions, attend all required meetings, and automatically move into the president-elect, president, and immediate past president offices. Desired competencies include high energy, vision, organizational and interpersonal skills, and the ability to command, communicate, and motivate.

■ National Governor:

Regional Governor (three-year term)

This position addresses both local chapter and national concerns. Attendance at all national Board meetings is required. Demonstrated leadership experience in business, professional, or nonprofit organizations, and local chapter or national committee/task force is suggested. It also requires the financial and time commitment to visit and assist local assigned chapters. Desired competencies include managerial courage, vision, organizational and interpersonal skills, intellect, and proven decision quality.

Section Governor (three-year term)

This position addresses the needs of the Society sections and their members. Attendance at all national Board meetings is required. Demonstrated leadership experience in business, professional, or nonprofit organizations, or national section committee is suggested. Desired competencies include managerial courage, vision, organizational and interpersonal skills, intellect, and proven decision quality.

Appointed Positions—Check Applicable Box(es)

National Standing Committee and Section Committee Service

■ Standing Committees:

Budget & Finance Ethics Nominating

Three "standing committees" are focused on the ongoing needs of the Society. National committees do not change from year to year. A commitment to promote the best interests of the CPCU Society is required. For Budget & Finance, applicants should have appropriate functional skills.

Executive Committee

Eligibility for the Executive Committee is limited to governors serving the last year of their term of office. Desired competencies for the Executive Committee are similar to those for governor.

■ Section Committees:

Sections operate within the organizational framework of the CPCU Society and support the overall Society mission. Their specific focus and perspective are centered on common issues affecting their special interest groups. Many of their activities relate to the educational needs of their section members.

The position requires attendance at all national meetings. Typical projects include seminars, symposia, publications, newsletters, and research. Desired competencies include functional/technical skills, business acumen, planning, and organizing.

Agent & Broker Section

Information Technology Section

Reinsurance Section

Claims Section

International Insurance Section

Risk Management Section

Consulting, Litigation, & Expert Witness Section

Loss Control Section

Senior Resource Section

Excess/Surplus/Specialty Lines Section

Personal Lines Section

Total Quality Section

Regulatory & Legislative Section

Underwriting Section

Please complete this application and return to:

Executive Vice President, CPCU Society, PO Box 3009, Malvern, PA 19355-0709
or fax to (610) 251-2761

Training and Development

The Property Loss Research Bureau held its annual Claim Conference at the Hyatt Regency Chicago this year. The three-day conference was attended by 2,500 insurance professionals. A new feature of the conference was the AIC/CPCU recognition breakfast held on the first day of the conference. The recognition breakfast was hosted by **David Thomas, CPCU**, director of sales, **Sandy Masters, CPCU, CPIW**, regional marketing director, and **Donna Popow, J.D., CPCU, AIC**, director of curriculum. Among the 80 breakfast participants were eight new Associate in Claims designees who were recognized for their achievement.

Also in attendance was **Patrick Jeremy, CPCU, AIC**, chairman of the 2004 PLRB Claim Conference, and Norman Weisenfluh, AIC, vice chair, as well as **Dan Price, CPCU**, the ACE-SCLA 2004 Claims Person of the Year, and **James D. Klauke, CPCU, AIC, RPA**, the ACE-SCLA 2003 Claims Person of the Year. These gentlemen were recognized for their outstanding leadership and their commitment to continuing education.

The 2005 PLRB Claims Conference will be held in San Antonio during the month of April. The Institutes look forward to hosting an even larger gathering of CPCU and AIC designees at that event. ■



■ Donna Popow, J.D., CPCU, AIC, director of curriculum, AICPCU, at the registration table speaking with another seminar attendee.



■ Members of the AIC class were recognized at this year's PLRB's Claim Conference in Chicago.

Chapter Liaisons Create Opportunity and Encourage Involvement



The Chapter Liaison Program sponsored by the Claims Section offers an opportunity to get involved with the Claims Section at the local level.

- Through our appointed claims liaisons we hope to promote a high level of visibility in local chapters for the CPCU Society's Claims Section. Currently there are 13 appointed liaisons at various local chapters. They offer a direct link to the Claims Section.
- Becoming a liaison for your chapter creates opportunity for you and your chapter. As a chapter liaison you can offer claim-related programs and speakers for presentations at meetings, local I-Day programs, or claims symposia. Our programs cover a wide range of timely claim-related topics. They encourage other claim professionals to become involved in the CPCU program as they present information that can be immediately applied to enhance job performance.

- An appointment as a chapter liaison will enhance your visibility as a CPCU claims professional and create an opportunity for you to contribute to the professional development of other claim professionals.

- If you are interested in learning more about opportunities in the Claims Section Chapter Liaison Program please contact:

Tony D. Nix, CPCU, CIFI
tony.d.nix.aqf9@statefarm.com
or

Rick Litchford, CPCU, AIC
Rickl@Sequoiains.com. ■

AICPCU Report to the CPCU Society

by Donna J. Popow, J.D., CPCU, AIC



Editor's Note: This report written for *CQ* is adapted from the 2004 Report to the CPCU Society by:

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The April 2004 Report to the CPCU Society has been released by **Terrie E. Troxel, Ph.D., CPCU, CLU**, President and CEO of the American Institute for CPCU and the Insurance Institute of America. The report provides the following information regarding the Institutes' programs and activities during 2003.

New CPCU Program

In March 2002 the CPCU program was restructured. The program now consists of 11 courses, of which a candidate must complete eight, either in a commercial track or a personal track. Reducing the number of required courses meant that approximately 750 candidates had satisfied the new program requirements automatically. Additionally, there were 1,500 candidates who met the previous requirements of the program. The result was a class of 2,269, which is the largest class since 1995.

December 31, 2003, closed the first full year of exams for the new CPCU program. There were 19,221 exams administered in 2003, down slightly from

the 2002 total of 19,246. A significant development was an increase in the number of first-time CPCU students in 2003. There was a 21 percent increase in 2003 (4,444 first-time CPCU exam takers) over 2002 (3,659). It is estimated that the class of 2004 will be 1,350.

Another new development in the CPCU program is the establishment of a CPCU Advisory Committee. This group of insurance industry professionals and academicians will provide advice to the Institutes on:

- The characteristics of potential and current CPCU candidates and the implications these characteristics have on the curriculum.
- The educational needs of potential and current CPCU candidates.
- The overall content and presentation of the CPCU courses.

The Institutes continues to forge new partnerships with colleges and universities for the acceptance of CPCU and IIA credits toward various degree programs. By the end of 2003 there were agreements with:

- Boston University
- Drexel University
- Excelsior College
- New England College of Finance
- New York University's School of Continuing and Professional Studies
- University of California's Berkeley Extension
- University of Maryland, University College
- Walden University

IIA Program Updates

At the present time the Associate in Risk Management (ARM) and the Associate in Reinsurance (ARe) programs are undergoing major revisions and restructuring.

New advisory committees have been established for IIA programs to analyze the educational needs of IIA students and

review course content to ensure that it meets the needs of students.

Exam Activity Update

Exams administered in 2003:

- 19,221 CPCU
- 47,515 IIA
- 9,187 Exams on Request

This is a 16.2 percent increase in exam administration from 2000, a 3.3 percent increase from 2001, and a 2.9 percent increase from 2002. The future plan is to offer four, two-month test windows beginning in January 2005. The windows would begin on January 15, April 15, July 15, and October 15. Students are able to take CPCU and IIA exams at Prometric Test Centers and at 528 employer testing sites.

Other Institute News

The Institutes continue to build a base on which to establish a presence in Greater China. Peking University Press has translated the Program in General Insurance into Chinese. The translation of the CPCU text into Chinese is planned for 2004. A Russian translation of CPCU texts was completed in 2003.

The Institutes' web site won "Best of the Web" honors in the education category from *Business Insurance* magazine in 2003.

Insurance Research Council Studies

The IRC completed three major research projects in 2003:

- *Public Attitude Monitor 2003* focused on attitudes toward protecting homes from natural disasters.
- *Insurance Fraud: A Public View* explored public awareness of and tolerance for insurance fraud.
- *Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Compensation* highlighted national trends in claim behavior. ■



The Claims Section Is Proud to Announce that It Will Sponsor Four Informative Seminars at the 2004 Annual Meeting and Seminars in Los Angeles!

Auto Technology: What Does the Future Hold?

Monday, October 25
10 a.m. - 12:30 p.m.

What You Will Learn

Major improvements in automobile technology (both hardware and software) are impacting the insurance industry, along with the claims handling process, body shop industry, and the policyholder. Attend this seminar to learn specifically what each of these groups are seeing in terms of complexity and eventual cost, and how the entire industry may respond to these changes.

Structured Settlements— A Relationship-Building Tool

Tuesday, October 26
10 a.m. - Noon

What You Will Learn

The use of structured settlements can be a highly effective tool when getting files closed. Using comprehensive handouts and audio-visual presentations, this seminar will examine various structured settlement issues, including updates on regulatory issues and industry trends, in order to give attendees a richer understanding of how you can use structured settlements to improve your own productivity and success.

New Limitations on the Recovery of Punitive Damages

Monday, October 25
1:30 - 4 p.m.

What You Will Learn

All insurance professionals involved in the handling or adjustment of first- and third-party claims, as well as underwriters and insurance executives interested in these issues, should attend this seminar to learn about new limitations the United States Supreme Court has put on the recovery of punitive damages. Attendees will learn about the effect of those limitations on the discovery and pre-trial development of a case, tactics used during the trial, as well as what impact the new punitive damage rules have on daily claims operations.

Workers Compensation Claims

Tuesday, October 26
2 - 4 p.m.

What You Will Learn

Claims and agency professionals, and any others handling workers compensation claims, will benefit from this seminar on managing extended claims. You'll learn strategies for the investigation and management of workers compensation claims involving severe injury and extended periods of lost time.

Register today at www.cpcusociety.org!

The CPCU Society Presents . . .

“Reach for the Stars!”

**60th Annual Meeting and Seminars
Los Angeles, CA, October 23-26, 2004**



Join other CPCUs, new designees, and industry VIPs in Los Angeles for the best in education, networking, and leadership the property and casualty insurance industry has to offer—and to “Reach for the Stars!”

- ★ Focus your continuing education on the skills—and CE credits—you need to succeed, with **more than 20 Property and Casualty Insurance Track seminars** to choose from.
- ★ Learn the communication, management, planning, and organizational skills needed to advance your career through **more than 20 Leadership and Career Development Track seminars**.
- ★ Meet CPCU Society members, colleagues, and industry leaders who can influence your success at **an exciting variety of Special Events**.
- ★ Open your eyes, your heart, and your mind to a radical redefinition of the leadership skills you and your organization need with **2004 Keynote Speaker Tom Peters**, renowned business thinker, speaker, and best-selling author.
- ★ Celebrate 60 years of CPCU Society success at special **60th anniversary celebratory and recognition events** throughout the Annual Meeting.

Register Today!

It's the professional development event of the year. For the latest information about this year's meeting, to register online, or to download the registration form, visit the CPCU Society web site, www.cpcusociety.org. If you have any questions or if you'd like to request a registration form, contact the Member Resource Center at (800) 932-CPCU, option 5, or e-mail us at membercenter@cpcusociety.org.



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